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Letter dated 9 April 2012 from the Permanent Representative of the Russian Federation to the United Nations addressed to the President of the Economic and Social Council

Attached herewith is the national report of the Russian Federation on progress towards the achievement of the internationally agreed goals, including the Millennium Development Goals, for the annual ministerial review to be held during the high-level segment of the substantive session of 2012 of the Economic and Social Council (see annex).

I should be grateful if you would circulate the present letter and its annex as a document of the Economic and Social Council.

(*Signed*) Vitaly **Churkin**
Permanent Representative

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Annex to the letter dated 9 April 2012 from the Permanent Representative of the Russian Federation to the United Nations addressed to the President of the Economic and Social Council

[Original: Russian]

National voluntary submission from the Russian Federation for the 2012 annual ministerial review in the Economic and Social Council of the United Nations on the theme "Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals"

Summary

The Russian Federation is one of the world's economic leaders, and its economic development is aimed at raising its citizens' quality of life, guaranteeing employment and decent work and boosting social assistance. Social expenditures currently account for more than half of all national budget outlays. Over the past four years, social expenditures have increased in absolute terms by a factor of 1.5, and risen from 21 to 27 per cent of the gross national product.

The Russian economy steadily increased its growth rate from 2001 to 2008, leading to a significant drop in unemployment (from 7.1 million in 2000 to 5.6 million in 2008) and to increased income. Real wages (taking into account consumer price increases) rose by a factor of 2.2 during this period. The number of people living below the poverty line dropped from 29 to 13.3 per cent of the total population.

Midway through the last decade, the Russian economy was faced with long-term systemic challenges that were a reflection both of world trends and of domestic barriers to development. Most important among these were intensified global competition, a new wave of technological innovations, the depletion of exportable raw materials, and the heightened impact of human capital on economic growth rates.

The international financial and economic crisis that began in the autumn of 2008 had a significant effect on core national economic development indicators. This immediately affected the situation in the social sector. Some socioeconomic indicators deteriorated, mainly those related to growth in unemployment and underemployment, increased unpaid back wages and lower real wage growth rates in the leading economic sectors.

Despite the crisis, the Government of the Russian Federation has moved ahead with full implementation of measures to preserve social stability and stave off a spike in unemployment and a drop in living standards. Financial reserves accumulated prior to the crisis have been tapped in order to meet the State's social commitments to its people and achieve its goals.

Measures to limit the rise in unemployment and hold income steady are central to the Russian Government's programme to counter the crisis. No other country has carried out such activities on this scale.

The State has set aside substantial resources for assistance to enterprises battered by the crisis and to save jobs at those enterprises. Paid community work to improve public amenities in populated areas has been scaled up dramatically. Special retraining, requalification and small business job creation measures have been adopted for employees of failed enterprises.

In 2010, unemployment dropped by 11 per cent from 2009 levels, and real income increased by 5.1 per cent. The labour market was fully restored to pre-crisis levels in 2011, and real income increased by another 0.8 per cent.

The Russian Federation must now find ways of updating its economy, closing the technology gap, innovating, increasing labour productivity and worker qualifications, adopting and implementing additional measures to improve living standards, and improving social well-being.

Economic renewal involves structural changes in employment; maximum use of all available labour resources in a time of demographic flux, including, most importantly, the greying of the population; liberalization of labour relations; and improvement of labour conditions and organization.

The Russian Federation attaches great importance to building cooperation with the International Labour Organization (ILO). An international high-level conference on decent work is set for December 2012 in Moscow. It should serve as a powerful impetus for coordinating multilateral efforts to achieve the goals of inclusive, sustainable and just economic growth for all.

I. Introduction

1. The Russian Federation's socioeconomic development priorities are set out in the country's framework for long-term socioeconomic development for the period up to 2020 and in the document setting out the primary areas of activity of the Government of the Russian Federation for the period up to 2012.

2. During the financial and economic crisis, the Russian Government adopted a programme of crisis-response measures for 2009 and 2010. The programme's primary components were designed to maintain social stability and assure full social protection, including curbing unemployment growth, designing worker retraining programmes and providing targeted job placement support.

3. Implementation of priority national projects in health care, education, housing and the agricultural production sector adopted in 2006 has continued. Every national project is at core designed to achieve the Millennium Development Goals, specially adapted to the Russian Federation in 2005 as part of a United Nations Development Programme project.

4. All the tasks outlined in the United Nations Millennium Declaration are being rigorously implemented in the Russian Federation. These include ensuring decent work and productive employment for all, including young people and women, eradication of extreme poverty and the reduction of poverty, inequality and social marginalization.

5. The Russian Federation has a high United Nations Human Development Index rating. Extreme poverty is not widespread and is found only among people who lead socially objectionable modes of life. The 2010 Russian National Census recorded 34,000 homeless households, representing 64,000 individuals, or a mere 0.04 per cent of the country's population. The number of homeless has been halved since 2002.

6. The coordinating mechanisms linking society, business and the State in the Russian Federation are reasonably effective and are designed to ensure that the interests of businesses and various groups in society are factored into the development and implementation of socioeconomic policy.

7. The primary role in aligning the interests of the State, employers and labour unions in the regulation of labour matters and avoidance of social and labour conflicts falls to a social partnership which will mark its twentieth year in 2012. The major social partnership institutions came into existence during this period, and a legal framework enabling dialogue was established, to achieve an optimum balance among the interests of workers, employers and society as a whole.

8. The Russian Tripartite Commission for the Regulation of Social and Labour Relations is the primary forum for discussing the most pressing social and labour issues, including promotion of the labour market, job creation, improved remuneration and pension systems, compulsory and voluntary social insurance, labour rights protection and worker safety. The Commission's activity has resulted in a general agreement between national trade union associations, national employers' associations and the Russian Government, one of whose key aims is to maintain steady economic development, social stability and social protection.

II. Russian Federation employment policy priorities in a time of international financial and economic crisis

9. The national employment policy is set forth in the Constitution of the Russian Federation, which enshrines the right of each person to freedom from unemployment and to compensation for their labour, with no discrimination of any kind.

10. The legal, economic and organizational underpinnings of national employment policy, including State guarantees of citizens' constitutional right to work and social protection from unemployment, are set forth in the Labour Code of the Russian Federation, the Federal Employment Act and other regulatory instruments.

11. The Russian Government adopted special programmes to counter the financial and economic crisis in the labour market that were implemented in 2009 and 2010.

12. Measures to maintain income and employment have included:

- Doubling the minimum wage in January 2009;
- Raising the ceiling for unemployment benefits by 50 per cent;
- Increasing wages to workers in the health-care, education, cultural and other State-funded sectors by 30 per cent;
- Multiple pension increases and revaluations, as well as social premiums for retirees living below the poverty line;
- Index-linking of various types of social assistance to stay ahead of inflation, particularly for families and children.

13. In addition to ongoing job creation measures, a number of steps have been taken to ease strain on the labour market.

14. Special steps have been taken to preserve certain low-efficiency jobs and organize large-scale paid community service and temporary work for the unemployed and for those at risk of job loss. Special measures have been taken in regions dominated by a single employer or industry and at enterprises considered strategic or too big to fail.

15. More than 187.1 billion roubles from the federal budget went to State job creation services from 2009 to 2011. More than 37.4 million people benefited from State job creation measures over that period.

16. Between 2009 and 2011, more than 87.1 billion roubles from the national budget went to implementation of State programmes that contained additional measures to reduce labour market pressure in subjects of the Russian Federation. Over 5.2 million people participated in these programmes. There were 4.3 million permanent and temporary jobs created, including some 587,000 permanent jobs in the small business sector.

17. There were regional programmes to increase the competitiveness and labour mobility of workers at risk of job loss, the unemployed and jobseekers.

18. Major efforts were aimed at organizing paid community service jobs and creating temporary jobs, including at concerns experiencing economic difficulties. Cutting-edge job training and self-employment promotion programmes, as well as

employment-based relocation programmes, were organized for workers at risk of job loss, those officially registered as unemployed and jobseekers.

19. Over the period 2009-2011, 2,824,300 people (more than 17 per cent of the total number of unemployed) did paid community service, including 474,400 people in 2011 (10.7 per cent of the total number of unemployed).

20. Over that period, 273,900 unemployed people who were having difficulty obtaining jobs worked in temporary positions, including, in 2011, 85,400 unemployed people (1.9 per cent of the total number of unemployed).

2.1 Vocational training and entrepreneurship support programmes

21. Cutting-edge vocational training programmes for workers, including those employed at concerns undergoing production upgrades, have had a large impact. These programmes have been carried out in close cooperation with employers and labour unions.

22. A total of more than 469,000 people participated in these programmes over the period 2009-2011. This figure includes 41,500 workers at risk of job loss (including down time, reduction in work hours and temporary layoffs), and 74,000 industrial workers engaged in overhauling and upgrading production as part of investment projects.

23. Small business start-up programmes were actively implemented for the unemployed, including for the former employers among them. An unemployed person setting up a business received a lump sum of 58,800 roubles. An employer hiring an unemployed person for a newly created job received the same payment. These funds were used to pay wages, procure equipment and licences and pay rent. The areas where these programmes were most widely put into effect include: rural and agricultural enterprises; passenger transport and haulage; organization of leisure activities; consumer services; wholesale and retail trade, and others.

24. Over the 2009-2011 period, 478,200 unemployed people opened their own businesses with support from Government employment services, thereby creating an additional 128,900 jobs. These figures include 151,600 people who opened their own businesses in 2011, creating an additional 40,400 jobs.

25. Government employment services have provided assistance to unemployed people and their family members in moving to new areas for reasons of employment. The programme in question covers moving expenses to a new place of employment for unemployed people and their families and their resettlement costs.

26. A total of more than 31,600 people participated in this programme over the period from 2009 to 2011, including 11,600 people who sought assistance from Government employment services in their job search and received special assistance in 2011.

2.2 Assistance programmes for vulnerable groups, including women, young people and persons with disabilities

27. Special measures have been organized for specific categories of people encountering difficulties on the job market.

28. These categories include: women, who account for 56.5 per cent of those officially registered as unemployed; young people (in the 16-29 age range), who account for some 28.5 per cent, including vocational college graduates, who account for over 2 per cent; parents with large families and parents raising children with disabilities, some 25 per cent; and persons with disabilities, some 10 per cent.

29. In 2011, a vocational training programme was begun for women taking maternity leave to care for children 3 years of age or younger. This programme is designed to increase women's competitiveness on the labour market and the vocational adjustment of women returning to work upon completion of maternity leave. This type of programme also reduces employer expenditures on further training for such women.

30. Some 1,456,600 women with children aged 1½ years and younger are not working at the present time, of whom some 548,100 are unemployed (by ILO criteria). Under the legislation currently in effect, officially registered unemployed people are entitled to vocational training by referral from the Government employment services. This, in turn, places at a disadvantage women taking maternity leave to care for children aged 3 or younger, as they do not have this entitlement.

31. In 2011, 26,200 women taking maternity leave to care for children aged 3 or younger and planning to return to work were referred for vocational training, retraining and further training. Of these, 15,700 women entered into employment.

32. The shift to innovative technologies has resulted in the elimination of jobs involving harmful and hazardous working conditions, making it necessary to remove substantial numbers of workers, women in particular, from such workplaces. Vocational training has been organized for this category of workers in order to place them in new types of productive activity. In 2011, 3,100 women from this category underwent cutting-edge vocational training and internships. Of those who completed the training, more than 2,900 women found jobs that were free of harmful and hazardous conditions.

33. There is a particular focus on providing employment for young people, especially through job placement support. According to data from the Federal Statistics Service (Rosstat), young people aged 15-29 account for 26-27 per cent of the economically active population in the Russian Federation. On average, young people account for 40 per cent of the unemployed, as calculated according to ILO methodology.

34. Government employment services engage in occupational profiling of young people based on their choice of profession or type of work and vocational education obtained, depending on labour market requirements.

35. Government employment services also organize temporary after-school job placements for minors between the ages of 14 and 18. This activity not only

provides material support but also encourages teenagers to become familiar with work and develop job skills.

36. In 2011, 850,000 minors between the ages of 14 and 18, or more than 92 per cent of those who requested help finding after-school employment, received temporary job placements.

37. Most of those who participated in this activity (some 96 per cent) were enrolled in general educational establishments. Some 2.1 per cent of participants were orphans or children without parental care.

38. Temporary job placement is provided for young people between the ages of 16 and 18 who are officially unemployed, as part of the general temporary job placement programme for unemployed people encountering difficulties in finding jobs. Thus, in 2011, temporary job placement was organized for 4,700 unemployed people between the ages of 16 and 18, or 31 per cent of the total number of people in this age group registered as unemployed.

39. Job placement for graduates of vocational training institutions remains a pressing problem. Each year some 10 per cent of graduates of professional training institutions are at risk of not finding a job. During the 2009-2010 crisis this figure reached 15 per cent of the total number of young people completing all levels of education.

40. The most common obstacles to finding a job are a lack of vacancies (52.2 per cent), the job seeker's inexperience (insufficient length of service) (47.8 per cent), inadequate pay (30.4 per cent) and a lack of vacancies in the job seeker's field (17.4 per cent).

41. In 2009 and 2010, 52 per cent of all young people completing school or college found work in their chosen speciality.

42. An internship programme for vocational college graduates was organized in 2009 so that they could acquire practical skills and master new technologies and working methods in-house. The primary purposes of the internships is to provide graduates with practical work experience in their chosen occupation (field) and mastery of new technologies and working methods in-house. At the same time the internships help employers recruit needed workers.

43. Under this programme, employers are reimbursed for wages paid to young professionals and for premiums paid to senior employees who mentor graduates. Pairing young professionals with mentors from the ranks of the most respected and qualified employees at a concern not only helps young people adapt to their new occupation and absorb essential new knowledge and professional skills but also helps them become a part of the team and acquire a deeper understanding of what occurs in the workplace.

44. More than 70 per cent of former interns graduating from vocational colleges find steady employment, either in the organization where they did their internship or in other organizations.

45. There were more than 248,800 participants in this programme in 2009 and 2010. This figure includes 54,100 graduates of professional training institutions at all levels who did internships in 2011 to acquire work experience, assisted by 29,300 mentors.

46. In 2012, this programme is to be implemented in the constituent entities of the Russian Federation experiencing high stress in their labour markets. There are plans for 5,500 graduates of vocational training institutions of all levels to participate.

47. Since 2010, a job creation programme has been in place for non-working persons with disabilities, parents raising children with disabilities and parents with large families.

48. Under this programme, employers are reimbursed from the federal and regional budgets for expenditures to equip work stations for persons with disabilities. The vocational and individual rehabilitation programmes of persons with disabilities are taken into account in the design and equipment of their special work stations.

49. In creating jobs for parents of children with disabilities and parents with large families, due account is taken of their individual needs, including telecommuting and working remotely.

50. The implementation of job creation programmes for socially vulnerable groups is just one example of public-private partnership, and it is strongly focused on encouraging the business sector to take a socially responsible approach to the least protected categories of citizens. In 2010 and 2011, 27,300 people received job placement assistance: 18,400 persons with disabilities, 1,700 parents raising children with disabilities and 7,100 parents of large families. In 2011, 19,600 people received job placement assistance: 10,700 persons with disabilities, 1,700 parents raising children with disabilities and 7,100 parents of large families.

51. In 2012, the plan is for some 14,500 people to participate in this programme, including 7,600 persons with disabilities, 2,000 parents raising children with disabilities and 4,800 parents of large families.

2.3 Outcomes

52. As a result of crisis response measures on the labour market, the total number of unemployed people in December 2011 returned to pre-crisis levels: 4,600,000 people, or 6.1 per cent of the economically active population, while, at its peak, in February 2009, this figure stood at 7,100,000 people, or 9.4 per cent. In January 2012, 1,270,000 people, or 1.7 per cent of the economically active population, were registered as unemployed. At its peak, in February 2010, this figure reached 2.9 million people, or 3.1 per cent.

53. The number of people employed in organizations functioning at reduced capacity dropped from a peak of 1,670,000 people in December 2009 to 193,700 people in January 2012.

54. The number of vacancies reported by employers to Government employment services has increased significantly. In January 2012, this figure stood at 1,160,000 (as against 724,000 in December 2009).

55. The nationwide stress index in the domain of employment (the number of people officially registered as not working per job vacancy) was 1.2, as against a peak figure of 3.2 in December 2009.

56. Monthly nominal wages increased by 11.8 per cent in 2010 compared to 2009, and real wages increased by 4.6 per cent over the same period. In 2011, monthly

nominal wages increased by 13 per cent compared to 2010, and real wages increased by 4.2 per cent over the same period. In 2010, the average pension increased in nominal terms by 44 per cent compared to 2009 and in real terms by 34.8 per cent. In 2011, these increases were 9.7 per cent and 1.2 per cent respectively, compared to 2010.

III. Cooperation between the Russian Federation and the International Labour Organization: current status and prospects

57. Membership in ILO, one of the most venerable and prominent of international organizations, enables the Russian Federation to study and apply leading-edge international practices to the settlement of labour disputes, develop social partnerships between the Government, labour unions and employers and use ILO recommendations to improve and regulate the labour market. Participation in ILO activities helps in developing labour legislation standards based on international practice; facilitating the resolution of employment problems; creating jobs; and promoting small business and entrepreneurship.

58. According to assessments by the International Labour Office (the ILO secretariat in Geneva), engagement between the Russian Parliament and ILO has been highly productive, with the Russian legislative branch responding rapidly in practical ways to recommendations made during working meetings with ILO specialists and translating them into appropriate regulations. ILO looks upon Russian parliamentarians' international initiatives with great interest. Specifically, in May 2011, ILO supported a proposal for the International Labour Office to host consultations in May 2012 for members of specialized parliamentary committees of Brazil, China, India, the Russian Federation and South Africa — the BRICS countries.

59. The Russian Federation would benefit from tapping ILO legislative expertise and research potential in order to promote implementation of Russian economic reforms. The country's senior leadership has repeatedly affirmed its commitment to preserving social guarantees, as the international financial and economic crisis continues, which is completely in keeping with the spirit of the ILO recommendations. It is in our interest to draw upon ILO capacities and expertise in matters such as developing State employment policy during the crisis; anti-poverty measures; labour migration; updating labour legislation; the social security and pension systems; and the establishment of continuous worker training and retraining programmes.

60. The ratification of ILO Conventions 132, 135, 154 and 187 in 2010 and of Convention 174 in 2011 is crucial to advancing cooperation between the Russian Federation and ILO, to expand our participation in international labour standards. ILO and international labour unions perceive this as truly indicative of the Russian Government's commitment to building a welfare State.

61. Preparations for the ratification of the new ILO conventions are ongoing under the general agreement between national trade union associations, national employers' associations and the Russian Government for the period 2011-2013. ILO Convention 173 (protection of workers' claims in the event of the insolvency of

their employer) and the 2006 Maritime Labour Convention were submitted to the State Duma for ratification in April 2012. ILO Conventions 140 and 183 are now in the active phase of inter-agency coordination.

62. In his address at the 100th anniversary session of the International Labour Conference in June 2011, Russian Prime Minister Vladimir Putin endorsed a strategic agenda to expand cooperation between the Russian Federation and ILO. This historic visit (the first by such a high-ranking Russian leader in ILO history) included an overview of the outcomes of the generally productive recent cooperation between our country and ILO, as well as an outline of future steps for implementing ILO programme documents.

63. Prime Minister Putin proposed the hosting of an international high-level conference on decent work in Moscow in December 2012. Work on both the organization and substance of this important event is now being actively pursued.

64. Plans for the conference include discussion of investing in human capital; boosting social protection; setting up effective labour market regulatory mechanisms; laying the groundwork for sustainable wage growth; ensuring respect for fundamental labour rights; and reinforcing social dialogue to promote decent work.

65. Conference participants will exchange views and elaborate coordinated positions on matters related to youth employment, continuing education, well-rounded vocational education and labour market demands.

66. Discussion outcomes will provide impetus to coordinate efforts to achieve the goal of inclusive, sustainable and just economic growth.

IV. What the future may hold

67. By late 2011, the economy had more or less weathered the financial and economic crisis, and sustainable industrial and GNP growth were apparent. Last year, the Russian Federation's GNP increased by 4.2 per cent, the third largest such increase among the world's leading economies, and its industry grew by 4.7 per cent, ranking it in fourth place.

68. That notwithstanding, the structure of the Russian economy, which focuses on the production and sale of raw materials and unfinished goods, is unable to provide guarantees of stability, sovereignty or well-being.

69. The Russian Federation needs a new economic model with a competitive industrial sector, up-to-date infrastructure, an extensive service sector and efficient agricultural production.

70. The economy of the future must be knowledge-based, built upon sophisticated technologies and characterized by high labour productivity and low energy consumption. It must help boost the number of decently paid, highly productive and efficient jobs and encourage small business development and entrepreneurship.

71. Economic restructuring and diversification and a shift to innovative development approaches will lead to changes in the existing employment structure and be accompanied by a reduction in low-efficiency jobs, the redistribution of workers across economic sectors and the emergence of new areas of employment.

72. Based on economic development trends, State labour market development policy will focus on putting in place the legal, economic and institutional conditions underpinning the development of a flexible, efficient labour market able to bridge the structural gap between labour supply and demand, to reduce illegal employment as a share of the labour market and to increase worker motivation and labour mobility.

73. Actions to reduce the disparity between the labour supply and demand are taking on particular urgency. This year, a labour resources balance forecast will be prepared in the Russian Federation, broken down by type of economic activity. The forecast will make it possible to determine the ratio between existing labour resources and projected needs.

74. At the same time, matters related to improving labour quality and competitiveness and to occupational mobility will be addressed through reforms to the vocational education system at all levels and expansion of continuing job-related learning, and specialized vocational training and retraining, based on Government economic development priorities. Planned measures will promote public-private partnerships in labour market services and facilitate the integration of foreign labour into the Russian labour market according to the need for labour resources and the principle of giving priority to domestic labour resources.

75. As the Russian Federation elaborates and implements its domestic strategy for sustainable and just economic growth, higher levels of employment and greater public well-being, the country will retain its focus on the International Covenant on Economic, Social and Cultural Rights and the United Nations Millennium Declaration.

76. With the Russian economy now steadily emerging from the crisis, more active steps are planned to make labour a reliable route out of poverty and ensure respect for workers' fundamental rights, especially the right to freedom from unemployment and to decent, well-paid and safe work.

77. Unlike the situation in other developed economies, low-wage workers and their families account for a very large proportion of the poor in the Russian Federation, where wage differentials remain high.

78. A gradual increase in the minimum wage has been proposed to rectify this situation, accompanied by strict monitoring to ensure compliance by all employers. There are also plans to establish, through an agreement between employer and labour union associations, reasonable limits for ratios between the salaries of workers in various occupational groups and at various qualification levels, with higher rates of wage increase for workers receiving lower pay.

79. Remuneration will be based on current occupational standards related to job requirements and those of the economy as a whole. These standards will serve as the basis for high-quality educational and vocational training programmes.

80. The workplace safety system in the Russian Federation is now undergoing reform. The primary objective is to devise economic incentives for employers to improve workplace conditions and safety.

81. A new workplace safety system began to take shape in 2011, based on occupational risk assessment and management. There is now a new approach to job performance evaluation, as well as a network of independent assessment bodies.

82. Work is being done to establish a set of labour safety standards and a national information system on working conditions and occupational risks.

83. For the very first time, a programme on health in the workplace has been initiated in Russia, to include a fundamentally new medical and preventive system attending to workers' needs right in the workplace.

84. A list of occupational diseases and health conditions will be compiled that takes into account new technological processes, job descriptions and workplace factors. There will be criteria to determine groups at risk for occupational and workplace-related conditions. Procedures have been established for holding regular medical exams and providing additional preventive treatment. Improvements in medical care for employees are planned, by creating neighbourhood general practitioners' offices, shop-floor infirmaries and on-site clinics at workplaces. Medical and occupational rehabilitation and treatment methods will be designed for those at risk of developing occupational and other job-related conditions.

85. The Russian Federation is continuing its close cooperation with ILO to promote the Global Jobs Pact and the Decent Work Agenda. They are valuable resources for addressing matters of employment, job creation and better-quality jobs, in order to ensure a sustainable economic recovery and future growth, strengthen the social safety net and foster the development of an inclusive and active labour market policy.

86. We will make every effort to ensure the success of the international ILO conference on decent work in Moscow. We strongly believe that this meeting will contribute in a significant way to improved labour relations and optimal cooperation on the labour market among the key partners: the State, employers and labour unions. We urge States, international organizations, specialized scientific and academic societies, business associations and associations of employers and labour unions to participate actively in the conference.

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Letter dated 30 March 2012 from the Permanent Representative of Algeria to the United Nations addressed to the President of the Economic and Social Council

I have the honour to transmit herewith the national report of Algeria in preparation for the annual ministerial review of the 2012 substantive session of the Economic and Social Council, at which Algeria will make a national voluntary presentation.

I should be grateful if you would have the report circulated as a document of the session.

(*Signed*) Mourad **Benmehidi**
Ambassador
Permanent Representative

* E/2012/100.

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Annex to the letter dated 30 March 2012 from the Permanent Representative of Algeria to the United Nations addressed to the President of the Economic and Social Council

Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals

National report of Algeria, 2012

Summary

As a result of successful human development and economic growth policies, in 2010, Algeria was ranked among the top 10 countries in terms of improved human development index. Algeria now faces the challenge of sustaining economic and human development in the long term through the diversification of sources of economic growth and job creation.

For over a decade, Algeria has had a stable macroeconomic framework while maintaining progress in human development. The two economic support plans implemented between 2001 and 2009 and the 2010-2014 five-year plan have focused particularly on the development of basic infrastructure, including through the expansion of available housing, the execution of large-scale public works projects and the effective harnessing of water resources. The supplementary development programmes in the high plateau and southern regions have helped to foster development throughout the country. These infrastructure programmes, in addition to measures aimed at strengthening national solidarity and the promotion of women, have enabled Algeria to meet several Millennium Development Goals ahead of the deadline.

The establishment of basic infrastructure for human development has helped to create many jobs by boosting the construction and public works, manufacturing and tourism industries, among others. It has also laid the foundation for sound economic development by providing companies with the public resources and infrastructure necessary to improve their productive capacity and potential for job creation.

Sustaining human development and, in particular, job creation have required the implementation of an economic development strategy. As a result, the national economy has undergone major structural changes affecting the banking and financial system, companies' access to industrial lands, and the regulation of the market for goods and services to foster competition and facilitate the creation of new companies.

Such structural reforms, essential as they are, will lead to growth only if they are combined with national economic recovery policies. One feature of such policies has been to boost the productive capacity of private companies to make them more competitive in a national economy that has opened itself up to the international markets. The performance improvement policy for private companies encourages company investment, especially intangible investment; helps companies to develop a quality approach and achieve certification; and supports personnel training.

Restructuring and recovery measures are also being undertaken in respect of public corporations that operate in strategic sectors of the economy and clearly demonstrate a potential for growth. Once their performance has improved, these public corporations, which are open to partnerships, become a powerful force for restoring growth in sectors which, like the manufacturing industry, generate positive externalities for the economy as a whole.

All these policies, either across or within sectors, have ensured a robust rate of job creation and helped to reduce the unemployment rate by two-thirds over the last decade.

In the light of a growing demand for jobs, these measures have been supplemented by bold labour market policies. Various established systems were strengthened in 2011 to facilitate investment — the first pillar of the national employment policy — access to the labour market and professional development for young people, and State support for the creation of businesses by young entrepreneurs.

I. Introduction

1. Algeria is the largest country in African and the Arab world in terms of surface area. The country is divided into 48 wilayas, or administrative departments with elected people's assemblies. Algeria boasts significant oil reserves, making it the second leading African oil-exporting country. It also enjoys a strategic geographic location: located at the heart of the Maghreb, it is the gateway to the African continent.

2. Following the oil counter-shock of 1986, Algeria launched a series of economic reforms to replace market-based mechanisms with a managed economy. Those reforms considerably improved Algeria's macroeconomic stability. They also made possible a number of economic and institutional changes, through the State's reduced direct intervention in the economy and the recognition of the freedom of entrepreneurship and the vital role of private enterprise in national economic development.

3. While the economic adjustments and reforms helped to stabilize key economic indicators and gave rise to new opportunities for Algeria, they were nonetheless insufficient to sustainably restore growth and reduce unemployment, the latter of which had reached alarming rates by the end of the 1990s.

4. The social situation resulting from the break with the previous economic system prompted the development, in the 2000s, of a more people-centred strategy for Algerians, who had been traumatized by 10 years of terrorism. Large-scale basic infrastructure projects were begun within the framework of the 2001-2004 economic recovery support plan, the 2005-2009 supplementary economic support plan and the ongoing 2010-2014 five-year development plan. These plans, which affect various socioeconomic sectors, have led to the expansion of road and highway networks, improved access to housing and the gradual abolishment of substandard housing with the construction, between 2005 and 2009, of over one million housing units. In addition, more effective harnessing of conventional and non-conventional water resources made it possible to increase the amount of water available for both drinking and irrigation purposes. Supplementary programmes were developed for the southern and high plateau regions, which require special assistance from the State.

5. The development of infrastructure to meet people's basic needs was accompanied by institutional measures to strengthen national solidarity and to promote the role of women in development. With regard to youth unemployment, a new series of measures to help young people access the labour market have been launched to support job creation. All these policies have led to considerable progress in terms of human development. The human development index rose from 0.602 to 0.677 between 2000 and 2010, allowing Algeria to maintain, and even accelerate its rate of improvement, and thus achieve a ranking alongside other countries with high human development according to the criteria set by the United Nations.

6. Such progress was made possible by the implementation of an economic policy aimed both at developing the Algeria's productive capacity and leveraging that capacity to create jobs and reduce poverty and at sustaining the human development process in a country where economic growth and employment must become less dependent on natural resources.

II. National development strategy

7. Over the past decade, Algeria has implemented a comprehensive strategy that takes into account the trend towards social stabilization and gradual restoration of national cohesion. Its two main components are economic growth and the promotion of human development.

A. Economic development strategy

8. Within this new development framework, the economic policy aims:

(a) To consolidate structural changes by:

- Developing the financial sector on a par with the expansion of national saving through the modernization and opening up of the banking system, and promoting the financial market.
- Restructuring the private property market to facilitate access for economic operators.
- Improving regulation of the goods and services markets to increase competition and reduce segments of the informal economy.

(b) To spur economic growth through a recovery policy aimed at boosting productive capacity and based on the following actions:

- To adopt laws that encourage private investment.
- To seek out international investment based on the principle of non-discrimination between local and international private investment.
- To provide capacity-building for the private sector to stimulate competition as markets become increasingly open as a result of regional free trade agreements.
- To ensure the performance improvement and recovery of public corporations in priority sectors and the opening up of their capital within the framework of a public-private partnership that preserves jobs and advances business.
- To implement a national policy for the promotion of public scientific research and industrial innovation and the establishment of conditions conducive to the emergence of a national approach to innovation.

B. Human development strategy

9. While economic recovery and related reforms are a pillar of the national development strategy, they are not an end in themselves and must be closely linked to human development goals. Therefore, in parallel to its policies for structural change and national economic growth, Algeria has developed an ambitious programme for accelerated human development. The resulting initiatives aim:

To develop basic infrastructure for human development

10. The various infrastructure projects started since 2000 and the supplementary programmes for the haut-plateau and southern regions have been key to developing

and modernizing basic infrastructure. These projects have had an impact on all economic sectors, particularly road and rail transport, housing construction, education and health. They have also improved access to water resources, leading to an increase in the daily average of water supply per person from 123 litres to 168 litres over the course of 10 years, thus ending the water stress previously experienced in Algeria. Over the period 2010-2014, Algeria will devote nearly half of all public investment in equipment, or US$140 billion, to human development infrastructure. Such a decision is clearly required to satisfy the ever-expanding social demands of the people. It is also based on the Government's ambition to place human beings, with their expectations and economic, social and political aspirations, at the heart of the country's future.

To support job creation with bold labour market policies

11. This second course of action is designed to promote the creation of jobs by assisting job-seekers, helping unemployed young people to access the job market, providing professional training and adopting measures to support entrepreneurship and give companies incentives to create new jobs.

To strengthen national solidarity

12. By strengthening national solidarity, the Government hopes to promote values that contribute to social cohesion and foster interdependence between members of society. The Ministry of National Solidarity and Family was established to develop and sustain, by law, national solidarity with the most vulnerable categories of society through multifaceted programmes that support inclusive development.

To promote further empowerment of women and their increased participation in national development

13. The Constitution of Algeria unequivocally enshrines the fundamental principle of equality before the law of all citizens without any form of discrimination, including on the basis of gender. The Algerian policy for the promotion of women's rights fulfils this principle as well as the commitments undertaken by the Government, including by signing, in 1996, the Convention on the Elimination of All Forms of Discrimination against Women. The promotion of the role of women is the responsibility of the Deputy Minister for the Family and Women's Issues, who develops, implements and monitors the national policy in this area in collaboration with other national institutions and various partners, including civil society and the media.

14. Lastly, it should be noted that this development strategy stresses the importance of social dialogue. Indeed, social dialogue is considered the best framework for identifying market and public policy failures. With this in mind, stakeholders (the Government and social partners) drafted a national economic and social pact. A series of trilateral meetings (14 in total) and bilateral meetings (13 in total) involving the Government, the General Union of Algerian Workers (Union Générale des Travailleurs Algériens (UGTA)) and business representatives were also held with a view to sharing perspectives and approaches, reaching agreement on a development plan, and identifying any necessary adjustments to current policies.

National Economic and Social Pact

15. The National Economic and Social Pact was signed during the trilateral meetings of 2006. It promotes an inclusive approach by involving both employer and employee organizations in the implementation of the national development programme.

16. The key components of the Pact stress the importance of both the economic and social dimensions of development. The Pact is also a commitment to invest national capacities in the most socially fair development. The Pact unequivocally identifies businesses as the primary source of employment and national wealth.

III. Policies and initiatives undertaken to boost productive capacity and employment

17. The development of productive capacity is necessary to the human development process and, more specifically, to the sustainable creation of productive employment. Indeed, the human development process must be carried out in such a way that it can continue regardless of economic uncertainties.

A. Policies to boost productive capacity

Creating a macroeconomic environment that favours growth

18. Economic reforms and a favourable external environment have enabled Algeria to establish a sound macroeconomic framework. In 2006, the World Economic Forum ranked Algeria second in the world for its macroeconomic performance, including a high domestic savings rate, controlled inflation, stable interest and exchange rates, and significant foreign exchange reserves. Algeria's external debt, furthermore, decreased from $28.1 billion in 1999 to $480 million in 2009.

19. This favourable macroeconomic environment translated into high economic growth for Algeria. Non-hydrocarbon sector growth has continued to be robust at over 5 per cent per year for the past decade, with a peak of 9.3 per cent in 2009. One of the positive consequences of this development has been an increase in per capita gross domestic product. The standard of living indicator, which is one of the three components of the human development index, rose from $6,090 to $7,420 in purchasing power parity between 2005 and 2009 (in constant 2005 dollars).

20. This vigorous economic growth in the non-hydrocarbon sectors was underpinned by the Government's investment in basic socioeconomic infrastructure. Bolstered by the multiplier effects of a number of public investment programmes, the construction and public works industry grew on average more than 9 per cent annually between 2005 and 2010. Other industries, such as the hydraulics industry, have also contributed to robust economic growth.

21. The considerable efforts taken to further human development have not only led to high economic growth but also created numerous jobs. The first economic growth support plan (2001-2004) was directly responsible for the creation of some 750,000 jobs over the period concerned. The rate of job creation also rose in the construction

and public works industry, which accounted for an average annual growth of 9 per cent over the period 2005 to 2010.

22. The validity of Algeria's policy of economic growth through the development of basic infrastructure has been borne out by the jobs it has created and the human development it has advanced. It is also justified by the positive externalities it generates for companies by making available public assets (infrastructure) needed to boost their productive capacity. Nevertheless, because its primary source of funding is the State budget, which itself is heavily reliant on oil profits, this policy is vulnerable to economic downturns. That risk prompted the Government to set up programmes aimed at supporting growth in such a way that it is not entirely dependent on the macroeconomic environment, however favourable it may be.

Strategy for sustaining economic growth

23. While Government involvement is necessary to ensure economic recovery and human development and thus make up for the economic and social failings resulting from a decade-long crisis, businesses remain the only source of wealth creation. Based on entrepreneurship, businesses are alone in being able to sustain economic growth and to generate the jobs necessary to reduce unemployment and absorb the growing number of young people who enter the labour market every year. All the programmes developed by the Government are founded on the need for businesses to ensure growth and job creation in the place of Government spending mechanisms.

24. As part of this approach, economic growth consolidation programmes were developed based on the following priorities:

To reduce the cost of investment with a view boosting economic activity and job creation

25. The policy for stimulating investment was established on the basis of three objectives: (a) to reduce the cost of investment through tax incentives; (b) to remove the obstacles to entry of new investors through a better organization of the markets; and (c) to facilitate investors' access to factor markets.

26. All the investment codes adopted since 1993 enshrine the freedom of enterprise. They also contain provisions aimed at making the Algerian economy more attractive to potential investors. Thus, the 2006 Order extends the advantages offered to investors to include the exploitation phase of a given project; as a result, the period during which the investor is exempted from paying certain duties and taxes is now six consecutive years. Furthermore, the advantages provided in the case of investment projects in the national interest are the subject of a negotiated agreement between an investor and the Algerian Government. Lastly, the tax burden on corporations has been reduced: the profit tax was cut from 25 per cent in 2008 to 19 per cent in 2011 with regard to the production of goods and services. All these measures have increased investment opportunities and thus job creation.

27. In addition to measures aimed at reducing investment costs, institutions have been established to regulate dominant positions and to lift the barriers to entry of new investors. The Competition Act, the establishment of the Competition Council, the creation of regulating agencies for industries such as the energy and gas, telecommunications, and mining industries, have helped to remove obstacles for competitors and thus stimulate competition and boost investment.

28. The third objective of the policy for stimulating investment is to facilitate investors' access to factor markets. Difficult access to investment loans and industrial lands are often cited as major constraints for the development of investment and company growth. More efficient use of these resources and their accessibility to economic operators has been a priority for the Government, which:

- Created 39 new integrated industrial zones, in particular near highway infrastructure, which will ultimately lessen private property constraints.
- Awarded concessions for industrial lands to companies at government-subsidized rates, or, for those regions in particular need of Government aid, a mere symbolic dinar.

To promote investment in small and medium enterprises

29. One of the focus areas of the structural transformation of the Algerian economy has been the expansion of credit opportunities for companies. Within this framework, support measures for investment in small and medium enterprises were adopted, including the:

- The creation of a national investment fund of the equivalent of $2 billion, capable of providing over $20 billion in credit and of acquiring holdings in companies.
- The creation of a wilaya investment fund, in each of the country's 48 wilayas, to be used as venture capital, as needed.
- The establishment by commercial banks of branches specializing in investment (private equity firms and leasing companies).
- Preferential interest rates by the Treasury for investment loans, adjustable according to the region in which projects will be carried out.

30. In addition to these measures, loans granted to companies are backed by the Guarantee Fund for Loans to Small and Medium Enterprises and the Office for the Guarantee of Investment Loans for Small and Medium Enterprises.

To support the development of private enterprise

31. The lack of competitiveness of national companies vis-à-vis competitors' imports has led national companies to abandon sectors open to international competition, particularly the building sector, despite the high social returns owing to the externalities generated in terms of technological development and job creation. The performance improvement of companies, as a series of company capacity-building programmes, has been one of the Government's responses to the decline in the building industry.

To develop a policy to boost the productive capacity of companies

32. The National Performance Improvement Policy was adopted by the Council of Ministers in 2010. Its goal is to boost the productive capacity of companies to enable them to compete with imports resulting from regional free trade agreements. The Policy consists of several programmes, each of which targets a specific aspect of business operation. Specifically, the programmes provide assistance for the identification of problems within companies, financial aid for tangible and

intangible investment and staff training and technical assistance (assistance with regard to exports, company certification, use of information and communications technologies).

33. On the meso-economic level, the Policy aims to improve the institutional environment for businesses.

34. The National Agency for the Development of Small and Medium Enterprises serves as the administering body for the programmes.

35. The Policy will involve 20,000 companies over the next five years and which will require Government funding of 386 billion dinars ($5.3 billion).

To ensure the restructuring and recovery of public corporations in promising industries

36. Public corporations play a predominant role in the manufacturing industry which, by its very nature, generates technological and organizational externalities for the national economy as a whole. As a result, the restructuring of public corporations into large manufacturing groups has been initiated for those corporations that are already active in strategic sectors (cement production, pharmaceuticals, and construction, public works and hydraulics) and that demonstrate a potential for development. Once these corporations have implemented a development plan and improved their performance, they may seek out national and international partnerships. Sanctioned by market rules and global competition, these corporations can help to stimulate national production by replacing imports with their own products, within the context of an open economy, and thus actively participate in boosting job creation.

Expansion of manufacturing networks through further industrial integration

37. The expansion of the manufacturing industry in order to reduce imports and ensure an endogenous process of industrialization and job creation was carried out on the basis of two priorities: the integration of the manufacturing sectors and the further development of domestic outsourcing.

38. The mechanism known as "complete/sequential knock-down" is a Government initiative aimed at manufacturing companies to foster the development of production sectors through tax incentives. It applies to labour-intensive sectors, such as the electronic and mechanical sectors, and allows companies in those sectors, which generally operate in the final segments of industrial processing, a better positioning in the value chain. This mechanism, which has contributed to the rapid development of labour-intensive sectors, has been expanded in the past few years to include personal computer assembly.

39. Domestic outsourcing, which contributes to the expansion of manufacturing networks and job creation, is being promoted, as it now constitutes one of the criteria for the awarding of government contracts. The development of small and medium enterprises to support large-scale projects is also a priority, and it is considered one of the criteria for receiving benefits under the National Economic and Social Pact, for instance, with regard to promoting investment in energy-intensive sectors that benefit from the national preferential rates for energy.

Sector strategies

40. This set of actions, which aims to boost and diversify sources of growth, is complemented by the implementation of sector strategies. Various sectors have adopted master plans through to 2025 within the framework of the national spatial masterplan. Hence, the tourism sector has developed a specific recovery programme to enable it to play its part, as in neighbouring countries, in diversifying sources of growth. In the same vein, the industrial sector intends to further develop the productive transformation of primary resources and to support the gradual move upmarket of some final processing activities (assembly and packaging). It also creates the conditions for the emergence of new industries, such as cars, information and communications technologies and renewable energy. The agricultural and rural policy is the other focus of the National Development Strategy. It aims to modernize the agricultural sector from an economic perspective; to develop natural resources throughout the country; and, from a social perspective, to improve peoples' living conditions and stabilize rural populations by supporting existing jobs and creating new ones by virtue of the effects resulting from the development of agricultural and rural activities on the service sector and the agri-food industries.

41. The primary motivation behind this growth agenda is to lay the foundations for an endogenous and sustainable job creation scheme. These growth consolidation policies are therefore an essential component of the national employment policy. They have resulted in the creation of 25,000 new businesses each year over the period 2005-2009.

42. However, the employment needs are considerable in Algeria, where the demographic transition only began in the mid-1980s and where the unemployment rate had reached rarely-seen levels, with nearly 30 per cent of the workforce out of work in 2000. Moreover, the transformation of the production system, undertaken to develop the economy's productive capacity, is a process that will require some time before the full effects are felt.

43. Therefore, in order to reduce tensions in the labour market and maintain social cohesion, the Government has implemented multidimensional programmes, for so-called "emplois d'attente" (temporary employment) and including funding to set up businesses, in order to prepare the ground for the lasting integration of young, first-time job seekers into the labour market.

B. Active national labour market policies

44. The national employment policy is based on the potential of infrastructure projects to create jobs, on the development of businesses' productive capacity to generate economic growth with high employment and on all Government measures to facilitate entry into the workforce, setting up a business and employability training.

The labour market: past and present

45. The number of persons entering the labour market has increased by an average of 3 per cent annually between 2000 and 2010, and the total workforce was estimated at 10.8 million persons in 2010. The workforce has a predominantly young profile. Indeed, the 15 to 29 age group represents 40 per cent of the

workforce, according to the 2008 census, down slightly from 1998. Furthermore, despite having begun to slowly catch up, only 15 per cent of the female population of working age currently works owing to social constraints as broadly understood. It is estimated that on average a net flow of 300,000 persons enter the labour market every year.

46. The dependency ratio, which is the ratio of the dependent population (aged under 15 or over 64) to the working age population, decreased from 68:100 in 1998 to 49:100 in 2010. This demographic transition may be favourable as it represents a potential supply of labour and human resources as well as savings opportunities for the country (a demographic gift). However, when there is low growth it can heighten tensions within the labour market and instead become a demographic burden.

Employment policy

47. Algeria is committed to pursuing an active employment policy that seeks to promote fully sustainable and productive employment. To that end, Algeria ratified in 1969 International Labour Organization (ILO) Convention No. 122 on Employment Policy, which provides the normative framework for the development of an employment policy and its implementation. The implementation of the structural adjustment programme and the ensuing deterioration of peoples' social situation led the Government to introduce various measures to boost employment and incomes. Since they were launched, changes have been introduced to make the measures more effective. New programmes have been introduced to better target certain sections of the population, and agencies to manage the implementation of the various measures have been established.

48. The employment policy is based on the following objectives:

- To increase the supply of jobs directly through business start-up schemes or through subsidized wages.
- To develop employment-related skills through training schemes to increase the employability of the unemployed and improve their chances of finding a job.
- To increase the efficiency of labour market institutions to achieve greater alignment between the demand for work and the supply of jobs by businesses.

49. To meet these objectives, an action plan to create jobs and combat unemployment has been implemented by the Ministry of Labour since 2008 and focuses on seven areas, among which youth employment is a priority. The action plan aims to:

- Encourage investment in the private sector, which creates numerous jobs.
- Promote youth employment.
- Promote professional training to facilitate entry into the labour market.
- Promote a policy of incentives to encourage companies to create jobs.
- Improve and modernize management of the labour market.
- Monitor, audit and evaluate labour market management mechanisms.
- Establish and form coordination bodies across sectors.

Incentive schemes, together with a revised institutional infrastructure, were put in place to implement the action plan. These can be grouped around four main pillars.

Pillar I: Investment support scheme to create jobs

50. Support for investment became a reality with the implementation of the economic development strategy involving: (a) reforms, including of the system to access credit and industrial land and of the organizational and exploitation methods for agricultural public land, to encourage long-term investments; (b) cross-cutting measures for business capacity-building and investment development; and (c) sector policies that encourage the development of job-creating activities in sectors in which Algeria has comparative advantages.

Pillar II: Scheme to help set up businesses

51. This programme encourages the creation of new businesses. The beneficiaries are young adults aged between 19 and 40 (within the micro-enterprise framework), unemployed persons aged between 30 and 50 (as part of the scheme managed by the National Unemployment Insurance Fund) and citizens with no income or an irregular income and homemakers (within the framework of microcredits). The programme thus addresses the bank financing difficulties experienced by these social groups. Eligible candidates are provided with assistance throughout the implementation phase of their project. In addition to their contribution made as a down payment, they benefit from an interest-free loan granted by specially-created funds, tax and quasi-fiscal benefits during the implementation and operational phase of the project as well as interest-rate subsidies if necessary.

Pillar III: Scheme to facilitate access to employment and encourage recruitment

52. These programmes, which target young, first-time job seekers aged between 18 and 35, aim to facilitate the entry of young people into the labour market and to encourage companies to recruit in order to turn temporary employment into sustainable and productive jobs.

53. The access to employment scheme helps young people to find employment in private companies, the civil service or within the framework of various projects for young people regardless of qualifications. The contracts are renewable for a three-year period as regards public institutions and services and for a one-year period in the private sector. It offers three types of contract to young people depending on their qualifications: young graduates from higher education and senior technicians; young high school graduates or those who have completed a vocational training course; and young people with no training or qualifications.

54. The aim of subsidized employment contracts is to promote job sustainability by encouraging public and private companies to recruit young people via the access to employment scheme. The support given is in the form of a State contribution to the wages paid by the companies in order to reduce the cost of hiring staff.

Pillar IV: Training-employment scheme

55. This scheme provides additional training, retraining or further skill development for young people who have signed up with the access to employment scheme to help them adapt to a given post. They may be given a training-

employment contract, subsidized up to 60 per cent for six months, with the employer undertaking to recruit the recipient for a minimum of one year after that.

56. This scheme complements the training and education provided by the Ministry of Professional Training and Education as part of its national action programme to regulate and promote human resources. In that regard, the recent activities undertaken by the Ministry has given a new impetus to:

- Improving the quality of vocational training and education and its relevance to the needs of the labour market by, inter alia, revising the national classification of professional specializations and branches of vocational training.
- Reinforcing intersectoral coordination by establishing a vocational training and education partnership council with regional branches to ensure cooperation between all stakeholders.

Institutional infrastructure

57. Supporting the creation of jobs is an essential element of the national development policy. As it is at the crossroads of all the sectoral development strategies, all development stakeholders must be involved in providing that support.

Institutional framework for the scheme to promote youth employment and help set up businesses

58. At the head of the institutions responsible for employment policy is the National Employment Commission chaired by the Minister of Labour. An advisory body for consultation and evaluation, it is composed of members from different sectors and is responsible for making recommendations on all employment matters. Local employment commissions have also been established. Their objective is to develop local employment initiatives while taking into account the particular needs of each region.

59. The National Employment Agency (ANEM) is responsible for finding jobs and monitoring changes in the labour market. Authorized private organizations may also work in conjunction with the State employment service.

60. Government programmes to promote employment and combat unemployment are managed by the implementing agencies. Each of them targets a specific group.

61. The National Youth Employment Agency (ANSEJ) is tasked with advising and assisting young entrepreneurs in carrying out their investment projects, with implementing youth employment schemes and with managing the National Youth Employment Fund.

62. The National Unemployment Insurance Fund (CNAC) is responsible for helping those receiving unemployment benefits to go back to work. Within this framework, it helps to finance businesses for goods and services set up by unemployed persons eligible for unemployment benefits.

63 The National Microcredit Management Agency (ANGEM) is responsible for managing the microcredit scheme. This is a loan granted to citizens with no income or irregular or variable low incomes.

Social integration scheme

64. Based on a network of 34,000 associations, the Government has established, in parallel with schemes to facilitate entry into the labour market, inclusive development support programmes, both nationally and in specific, unstable regions. These programmes have targeted vulnerable groups (persons with disabilities, senior citizens, children and women in need, etc.). Within this framework of social protection and poverty reduction, a social safety net has been put in place to help underprivileged persons meet their basic needs in the form of lump sum payments and support for social integration activities as part of various schemes that led to the creation in 2011 of 450,000 posts for job-seekers.

C. Progress made in reducing unemployment

Appreciable reduction in the unemployment rate

65. The outcome of the Algerian development policy can be seen in the resulting reversal of the unemployment trend. Between 1990 and 1997, the unemployment rate had doubled, affecting young first-time job seekers in particular. In 2000, with an unemployment rate of nearly 30 per cent of the workforce, Algeria had one of the highest rates of unemployment in the world, compared with countries with a similar per capita income.

66. As a result of an extensive policy of government investment in human development infrastructure, structural reforms aimed at reviving the national economy, and active labour market policies, the unemployment rate fell to 10 per cent of the labour force, even though a considerable proportion of jobs had been created under temporary schemes for economic growth. While the working age population grew by nearly 2.8 per cent over the last decade, the unemployed population has been reduced by over half, from 2.61 million in 2000 to 1.08 million 10 years later.

Youth unemployment rate down

67. The number of young people of working age has decreased slightly during the intercensal period from 1998 to 2008 as a result of the demographic transition that began in the mid-1980s. Since then, the fall in the average rate of unemployment has resulted in a remarkable drop in the youth unemployment rate: from 35 per cent of the workforce in 2003, the unemployment rate of those aged between 15 and 34 fell to below 16.5 per cent in 2010. These results demonstrate the impact of efforts undertaken to facilitate, through various support schemes, young peoples' entry to the labour market.

Slight increase in women's participation in the labour market

68. Women's participation in the labour market increased slightly between 2003 and 2010, from a rate of 12.3 per cent of women of working age to 14.2 per cent. This positive development is linked in particular to the new opportunities available to women as a result of the schemes to facilitate entry into the labour market and set up businesses. Between 2008 and 2011, 560,015 women benefited from the access to employment scheme and 22,750 from a subsidized work contract. Moreover,

11,247 businesses were set up by women under the ANSEJ and CNAC schemes, while nearly 100,000 women initiated a microcredit project between 2010 and 2011.

Human development progress

69. These results fit more broadly within the implementation of a development policy that prioritizes the different aspects of human development, of which employment is a key factor. In this regard, the achievement of the Millennium Development Goals by 2015 is a priority for Algeria and an intrinsic part of its development programmes.

70. These labour market results were supported by an average job creation rate of 4.5 per cent per year over the decade. The immediate factors that contributed to the rapid increase in job creation were:

- Economic growth in the non-hydrocarbon sector. The main source of employment, which averaged 5.5 per cent per year over the period 2000-2010.
- The creation of a considerable number of subsidized jobs. Since the job creation schemes were established, nearly 1.4 million first-time job seekers have found employment, while the scheme for subsidized contracts has led to the recruitment of more than 49,000 young people. The scheme to facilitate setting up businesses (ANSEJ, CNAC and ANGEM) has helped to finance 527,000 micro-businesses, generating more than 1,050,000 jobs as a result.

71. The measures introduced in 2011 have greatly improved the results of these schemes in terms of facilitating access to the labour market, getting people into work and the creation of businesses (see table).

Evolution in the performance of employment schemes, 2010-2011

	2010	*2011*
Number of people entering the labour market	273 141	660 810
Number of people recruited on a subsidized work contract	16 937	24 188
Number of businesses set up (CNAC, ANSEJ and ANGEM)	82 051	168 722
Jobs generated as a result	153 854	289 773

Efforts to modernize labour market intermediaries and programme management institutions. Such efforts have focused particularly on expanding the mandate of CNAC to provide assistance to and support entrepreneurs; reforming ANEM as the central public employment service; modernizing employment agencies and strengthening their response capabilities; and restructuring and reinforcing the mandate of the Labour Inspectorate.

IV. Issues and challenges

72. The significant drop in unemployment is one of the major developments of the labour market over the last 10 years. However, despite the progress made, the country continues to face several challenges: the vulnerability of certain social groups; the sustainability of jobs created; and the diversification of growth to support human development policies.

A. Working towards growth rich in productive and sustainable employment

73. Between 2000 and 2010, Algeria reduced the unemployment rate by 20 percentage points. The major challenge is to maintain that rate, particularly for vulnerable social groups. To meet this challenge the five-year programme for 2010-2014 provides for the creation of 3 million jobs thanks to the creation of 200,000 new businesses, the agricultural development programme and various schemes to facilitate entry into the labour market and setting up businesses.

Strengthening support for youth employment and setting up businesses

74. Despite the progress made in creating jobs, inequalities persist. The rate at which unemployment has fallen has varied across social groups resulting in discrepancies in the labour market. Although the unemployment rate among 16 to 34 year-olds is falling, it is still higher than the national average by 3.5 points. There is still progress to be made in facilitating the entry of young, first-time job seekers into the labour market. This concern has motivated the efforts to revitalize the youth employment and business creation schemes agreed in February 2011. These have allowed 2.5 times more young people to join the labour market.

Addressing the growing need to create jobs for women as a result of the development of women's role in society

75. Another consideration is that the female population is at a disadvantage on the labour market. Despite the presence of women in many economic sectors (State bodies, notably education, where women account for more than 50 per cent of educators, or the justice system, where 38 per cent of managerial staff are women), women's participation rate in the labour market has increased only slightly; according to a National Statistics Office employment survey, only 1.5 women in 10 had jobs in 2010. Moreover, unemployment affects more women graduates than men. This situation poses a challenge on two fronts: economically and socially.

76. Women's participation rate increases exponentially with their level of education. It stands at 7 per cent for women without a degree, but increases to 40 per cent for female university graduates. Consequently, the considerable progress made in education for girls promises a rapid consolidation of women's participation in the labour market at the higher levels.

77. In a similar effort to promote the social inclusion of women the Joint Programme for Gender Equality and Women's Empowerment was launched in September 2010 by the Ministry of National Solidarity and the Family. The highest Government offices are committed to sustaining this momentum to strengthen women's political role via the constitutional amendment of 2008 and the law of

2012 to promote women's participation, which increases women's parliamentary representation and, thereby, encourages their active participation in the country's development.

78. Women's aspiration to greater participation in economic and social development, supported by a higher level of education and upheld by the Government's efforts to promote women's role in society, raises the matter of stimulating job creation over the next decade in order to be able to absorb the expected increase in female workers.

Developing sustainable temporary jobs by placing them at the heart of schemes to help accelerate the creation of long-term and productive jobs

79. The implementation of the national employment policy over the past decade has led to rapid and significant progress in cutting unemployment. The number of unemployed people was halved in the seven years between 2003 and 2010. However, there are still elements of precarity. Temporary work has increased significantly from 30 per cent of total employment in 2003 to 37.5 per cent in 2010. This development is mainly the result of the declining proportion of public sector jobs, which tend to offer continuing contracts. Moreover, according to the data of the National Social Insurance Fund (CNAS) and the National Statistics Office, it is estimated that the proportion of employees covered by social security was 75 per cent of all employees in 2010, representing nearly 4.9 million workers. However, the level of social security coverage is significantly lower among self-employed people.

80. The vulnerability of certain groups requires a new incentive to increase the length of contracts and social security coverage in the private sector. The Government is taking proactive steps in that direction by encouraging employment for periods longer than one year, inter alia, by reducing the employer's social security contributions and making provisions, such as those of February 2011, to improve the scheme for subsidized contracts and to make them more attractive.

B. Towards a diversified job creation process to safeguard it against external shocks

Diversifying sources of economic growth to ensure the long-term sustainability of the human development policy

81. While the key element of the employment policy is economic recovery based on a sustainable and endogenous economic development strategy, job creation schemes are still largely financed by State budgetary resources. The challenge now is to create jobs from a variety of sources by strengthening the involvement of businesses in order to safeguard schemes against external shocks and, more generally, to broaden the sources of economic growth to ensure the long-term sustainability of our social and human development policy.

Developing industrial sectors with high added value in terms of employment and in which the country has competitive advantages: the example of the agri-food industry

82. Current activities aim to promote the competitiveness of businesses, including those operating in sectors with considerable potential to create jobs and added value, such as the agri-food industry, which employs 40 per cent of the industrial workforce.

83. The support programme for the agri-food sector aims to encourage the:

- Development of domestic production to replace imports and seizing of export opportunities.
- Performance improvement of businesses in the agri-food sector.
- Strengthening of training aspects and incentives for businesses to adopt a quality approach.

84. With regard to support mechanisms, the programme seeks to:

- Promote two cluster approaches adopted as pilot projects in the industrial production of tomatoes and dates.
- Set up a technical agri-food centre to support the development of the sector.
- Establish three export-orientated consortia for the agri-food industry.

Promoting exports outside of the hydrocarbon sector

85. Algeria's focus on hydrocarbon exports exposes its economic growth to the vagaries of international speculation. In order to strengthen national economic growth and job creation schemes, the export incentives scheme was enhanced by, inter alia, expanding expenditures authorized by the special fund to promote exports; exempting export operations from taxes on profits; prioritizing Government support to harmonize export product standards; and providing Government assistance for training in export-related jobs.

86. All of these measures make up a comprehensive economic diversification policy. Out of sheer necessity, this policy is pursuing the structural transformation of the economy through the national economic development strategy that the Government is now hoping to implement and which we have attempted to outline herein.